

**BANK MANAGEMENT RESPONSE TO THE
REQUEST FOR INSPECTION PANEL REVIEW OF THE
ALBANIA: INTEGRATED COASTAL ZONE MANAGEMENT AND CLEAN-UP
PROJECT (IDA Credit No. 4083-ALB)**

Management has reviewed the Requests for Inspection of the Albania: Integrated Coastal Zone Management and Clean-Up Project (IDA Credit No. 4083-ALB), received by the Inspection Panel on July 30, 2007 and August 13, 2007 respectively, and registered on August 2, 2007 (RQ07/04) and August 16, 2007 (RQ07/05), respectively. Management has prepared the following response.

CONTENTS

ACRONYMS.....	iv
I. INTRODUCTION.....	1
II. THE REQUEST.....	1
III. PROJECT BACKGROUND.....	2
IV. SPECIAL ISSUES	6
V. MANAGEMENT’S RESPONSE.....	15

Map

- Map 1. IBRD 35656 – Albania: Integrated Coastal Zone Management and Clean-up Project – Southern Coastal Zone

Annexes

- Annex 1. Claims and Responses
Annex 2. Phase 1 of ICZMCP – Project Components
Annex 3. Southern Coastal Development Plan
Annex 4. Photographs of Illegal Construction in the Project Area

ACRONYMS

APL	Adaptable Program Lending
BP	Bank Procedures
CAS	Country Assistance Strategy
CTO	Association of Tourist Operators
CZMP	Coastal Zone Management Plan
EA	Environmental Assessment
EIB	European Investment Bank
ESSF	Environmental and Social Safeguards Framework
EU	European Union
FI	Financial Intermediary
GIS	Geographic Information System
GoA	Government of Albania
ICZM	Integrated Coastal Zone Management
ICZMCP	Integrated Coastal Zone Management and Clean-up Project
IDA	International Development Association
IPN	Inspection Panel
ISDS	Integrated Safeguards Data Sheet
KRRTRSH	Territorial Planning Council of the Republic of Albania
METAP	Mediterranean Technical Assistance Program
MoAF	Ministry of Agriculture and Food
MoTAT	Ministry of Territorial Adjustment and Tourism
MPWTT	Ministry of Public Works, Transport and Telecommunications
OMS	Operational Manual Statement
OP	Operational Policy
OPN	Operational Policy Note
PAD	Project Appraisal Document
PHRD	Policy and Human Resources Development
PPF	Project Preparation Facility
SCDP	Southern Coastal Development Plan
SEA	Strategic Environmental Assessment
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

1. INTRODUCTION

1. On August 2, 2007, the Inspection Panel registered a Request for Inspection, IPN Request RQ07/04 (hereafter referred to as “the first Request”), concerning the Albania: Integrated Coastal Zone Management and Clean-Up Project (Credit No. 4083-ALB) financed by the International Development Association (IDA). A second Request for Inspection was registered by the Inspection Panel on August 16, 2007 (RQ07/05) (hereafter referred to as “the second Request”). Collectively, the first Request and second Request are referred to as “the Requests” hereafter.

2. The document contains the following sections: Section II presents the Requests; Section III describes the project and country context; Section IV discusses special issues related to the Requests, and Section V contains Management’s response. Annex 1 presents the claims in the Requests, together with Management’s detailed responses, in table format. Additional annexes include a description of Phase 1 of the Project, information on the Southern Coastal Development Plan (SCDP), and photographs. A map of the project area is included (Map 1, IBRD No. 35656).

2. THE REQUESTS

3. The first Request for Inspection was submitted by the local representatives of a number of families who are part of a community situated in the area known as Jal, which is part of the larger village of Vuno, Himare, in Albania (hereafter referred to as the “first Requester”). Attached to the first Request are eleven letters from families in the area, and photographs and supporting documentation.

4. The first Request contains claims that the Panel has indicated may constitute violations by the Bank of various provisions of its policies and procedures, including the following:

- OP 1.00, Poverty Reduction, July 2004.
- OMS 2.20, Project Appraisal, January 1984.
- OP/BP 4.01, Environmental Assessment, January 1999 (revised August 2004).
- OP/BP 4.12, Involuntary Resettlement, December 2001.
- OP/BP 13.05, Project Supervision, July 2001.

6. The second Request for Inspection was submitted by Mr. Petrit Levendi, on behalf of the Association of Tourist Operators (CTO) of Vlorë, and other affected individuals who reside in Vlorë and in the area covering the northern part of the Bay of Vlorë,

known as Treport Beach, Narta Lagoon Coastal Strip and Bisht Poro. Attached to the second Request is a letter with several signatures.

7. The second Request contains claims that the Panel has indicated may constitute violations by the Bank of various provisions of its policies and procedures, including the following:

- OP/BP 4.01, Environmental Assessment, January 1999 (revised August 2004).
- OMS 2.20, Project Appraisal, January 1984.
- OPN 11.03, Management of Cultural Property in Bank-financed Projects, September 1986.

III. PROJECT BACKGROUND

8. **With its rich cultural heritage, natural beauty and high biodiversity, Albania's coastal zone is one the country's most valuable assets**, recognized as its most important and economically valuable space from both the development and environmental points of view. Integrated coastal zone management (ICZM) is key to the sustainable development of both tourism and trade, promising pillars to support the country's long-term economic growth. With population and pollution pressures concentrated largely in the two main coastal cities of Durrës and Vlorë, and significant coastal areas left under developed or pristine under the former political regime, Albania has a unique opportunity to sustainably manage its coastline, maximizing both conservation and development objectives.

9. **For the purposes of planning and development, the Government of Albania (GoA or Government) has designated the coastline as being divided into three areas: the northern, central, and southern zones.**¹ The northern zone, with a coastline of 54 kilometers, and a population of about 150,000, includes four river mouths, rich deltas, and coastal wetlands. Threats include: illegal and dynamite fishing and over-fishing; absence of control and treatment of polluted water; degradation of wetlands and marine ecosystems; and coastal erosion. The central zone, with a coastline of 207 kilometers, a population of 821,000 and broad stretches of sandy beaches, faces environmentally unfriendly and uncontrolled tourism pressures, poorly designed and uncontrolled urban and port development, illegal occupation of coastal areas, uncollected and untreated wastewater and solid waste, hazardous hot spots, degradation of wetlands and coastal biodiversity, and coastal erosion. The southern zone, with a coastline of 168 kilometers, and a population of about 70,000, is relatively under-developed. There is unregulated urbanization,

¹ The delineation is based on the administrative division according to which the North Coastal Zone coincides with the boundaries of the coastal Districts of Shkodra, Lezha, and Laci; the Central Coastal Region spans Durrës and Vlorë; and the South Coastal Region extends from the south end of Vlorë Bay to the Greek border with Saranda as its main municipal center.

lack of adequate infrastructure (including poor access by road), uncollected and untreated wastewater and solid waste, pressures on protected areas and wetlands, and unsustainable use of natural resources.

10. **Multiple institutions are responsible for land-use planning and development control in Albania, and there is generally very weak enforcement of zoning regulations.** The Ministry of Territorial Adjustment and Tourism (MoTAT), which, after the 2005 elections, became the Ministry of Public Works, Transport and Telecommunications (MPWTT), has overall responsibility for urban and regional land-use planning. Responsibility for permitting and development control rests with the MPWTT departments in the different municipalities, except in the largest cities. Cultivated land (about 24 percent of land area) and forest and pasture land (51 percent of land area) are the responsibility of the Ministry of Environment, Forests and Water Administration,² along with the management of protected areas (about 6 percent of land area).

11. **Illegal construction and settlements, both by the urban poor and also by speculative land developers along the coastline, are a serious problem in Albania.** The transition from a centrally planned to a market economy has had a profound impact on land use in the entire country. Rapid changes in the economy and freedom of movement have caused quick and major changes in population distribution, with serious consequences for land-use patterns along the coastline.

12. **Speculative investments and economic dynamism have been directed towards the western lowland and coastal areas,** especially those around the biggest cities of Tirana, Durrës, and Vlorë, as well as tourist centers, such as Saranda. Population migration has reflected this pattern. In terms of land use, this has meant that some parts of the country have seen significant out-migration, and other parts, commonly recognized for their high economic potential and job opportunities, are being exposed to both development and demographic pressures.

13. **This unregulated development and the lack of adequate infrastructure, compounded by the weak institutional framework for ICZM, land-use planning and enforcement of zoning and building permits, as well as poor governance capacity, pose a serious threat to the environment and protected areas in the Albanian coastal area, and jeopardize sustainable development of one of the country's key assets.**

14. **The 1995 Coastal Zone Management Plan.** In the early 1990s, Albania embarked on an ICZM planning initiative in cooperation with the World Bank, the European Union (EU), European Investment Bank (EIB), United Nations Development Programme (UNDP), and United Nations Environment Programme (UNEP) through the Mediterranean Technical Assistance Program (METAP) and UNEP's Mediterranean Action Plan Priority Actions Programme. In 1995, this effort produced the first two phases of the Albania Coastal Zone Management Plan (CZMP), providing a framework for implementation of institutional capacity building and investment programs.

² Before the 2005 elections, they were the responsibility of the Ministry of Agriculture and Food (MoAF).

15. The CZMP provides a useful conservation and development framework that is still pertinent today, and recognizes that: (i) the northern zone has potential mostly for eco-tourism rather than mass tourism and its priorities should be improved fisheries resources, improved water quality management and ecosystem conservation; (ii) the central zone has greater potential for large-scale tourism and recreation targeted for domestic tourists, as long as the environment is well managed, and its priorities should be improved water supply, wastewater management, solid and hazardous waste management, careful land-use planning and zoning, and development control to protect the region's wetlands and coastal biodiversity; and (iii) the southern zone has potential for high-end and carefully managed tourism combined with protection of the unique scenery and natural and cultural heritage of the area, as well as scope for the development of nautical tourism. However, the zoning of the plan was too broad for the Albanian institutions to be able to use it directly for zoning and building permit enforcement and formulation of detailed regulatory plans. Furthermore, implementation of the Albania CZMP during the 1990s was difficult because of political instability and broader crises in the Balkans.

16. **Government Strategy.** In 2002, the Government, recognizing the need to protect the coastal zone for current and future generations, formally adopted key principles and recommendations of the CZMP. The experience from the last ten years on the ground has made the Government much more aware of the issues and dangers facing the coastal areas. In addition, the development and population changes that have taken place during that time make the coastal planning and management interventions and reforms more palpable. The Government recognizes the urgency to strengthen the institutional and regulatory framework for coastal zone management and clean-up, and adopt well-informed measures to improve the current situation, consistent with the recommendations of the CZMP.

17. **Project Objective.** The Integrated Coastal Zone Management and Clean-up Program (the Project) is designed as an Adaptable Program Lending (APL) mechanism to be implemented in two phases over seven years. The overall objective of the proposed Project is to protect coastal natural resources and cultural assets and promote sustainable development and management of the Albanian coast. The Project is strategically focused on the southern coastal zone with its largely pristine and highly vulnerable resources, where actions regarding conservation of the coastal and marine environment are very critical, project interventions are likely to have positive development impact in the medium term and sufficient IDA financing is available to realize basic infrastructure investments. The Project objective will be achieved through:

- (i) Establishing an ICZM institutional and policy framework and strengthening the broader regulatory capacity at the central, regional and local levels for protection of coastal and marine natural resources.
- (ii) Increasing access to basic services associated with improvement of the quality of life and attractiveness of the coastal areas.
- (iii) Implementing sub-projects aiming at promoting sustainable tourism sector development.

18. Since Albania is making efforts in developing environmental laws and regulations and in harmonizing them with EU directives, the Program will be aligned with the strategic approach of the EU with respect to ICZM and other EU environmental directives. Similarly, the ICZM institutional framework will be implemented by the Government in full harmony with the ongoing decentralization reform.

19. **Project Description, including Project Components.** The total Project cost is expected to be around US\$66.5 million (Phase 1 US\$38.56 million and Phase 2 US\$27.94 million). The Project implementing agencies are: the MPWTT, through the project coordination unit and the Coastal Village Conservation and Development Program implementation team; the Ministry of Environment, Forests and Water Administration, through the Porto Romano implementation team; the Ministry of Culture, Youth and Sports, through the Butrint National Park Administration; and municipalities and communes in the area of the SCDP.

20. Phase 1 of the Project (from September 2005 to August 2009) consists of the proposed Integrated Coastal Zone Management and Clean-up Project (ICZMCP) and aims at formulating and implementing policies that support integrated coastal zone management and reducing coastal degradation. The approach is geared to introducing a replicable concept of integrated planning for Albania. The first phase is working to enhance the legal framework, regulatory policy and governance of all three coastal zones; promote integrated coastal zone planning; encourage community support for sustainable coastal zone management; and realize basic infrastructure investments to promote sustainable tourism development. It is also contributing to developing sustainable tourism, improving environmental conditions, enhancing the quality of life, and preserving and revitalizing the cultural and architectural heritage of targeted southern coastal communities. Finally, the first phase of the Project is contributing to reducing the risks to human health in communities surrounding the Porto-Romano industrial hotspot.

21. The Project includes the following components: Component A: Policy and Institutional Capacity Building for Integrated Coastal Zone Management, which includes the capacity building activities described above, including the development of the SCDP; Component B: Infrastructure Building and Rehabilitation of the Southern Coast, which consists of the construction of regional landfills for solid waste, conversion of the port of Saranda into a ferryboat and passenger terminal, improvement of the water supply and sewage system in Saranda, and implementation of a Coastal Village Conservation and Development Program; Component C: Decontamination, remediation and rehabilitation of the chemical plant at Porto Romano; and Component D: Project Management and Monitoring. The Project also includes project preparation activities (preparatory studies).³

22. Phase 1 is financed by an IDA credit of US\$17.5 million, and is co-financed by the GoA (US\$5.71 million), the European Union Community Assistance for Reconstruction, Development and Stabilisation Program (US\$5.20 million), the Government of the Netherlands (US\$3.11 million) for the Porto Romano clean-up activities, the Government

³ For more information on the project components, see Annex 2.

of Austria (US\$2.6 million) for solid waste management activities, a GEF Medium-Sized Project grant (US\$0.95 million), a Government of Japan Policy and Human Resources Development (PHRD) co-financing grant (US\$2.23 million) and beneficiaries⁴ (US\$1.26 million).

23. Phase 2 of the Project (January 2009 to August 2012) will further develop the institutional, legal and regulatory capacity for ICZM, particularly at regional and local levels, and support sustainable coastal tourism development to serve as an engine for economic growth. Building on the achievements and the performance of Phase 1 and on lessons learned, Phase 2 of the Program will significantly expand support for coastal environmental infrastructure and rehabilitation, protected areas management, conservation and restoration of critical coastal and marine ecosystems, and remediation of contaminated sites; it will also provide additional financing to support community-driven sustainable tourism development initiatives. In addition, this phase will promote public-private partnerships. Specific areas of support under Phase 2 will be worked out during Phase 1.

24. Phase 2 of the Project is expected to be fully blended with a GEF-funded project under the forthcoming Mediterranean/Adriatic Seas Partnership Investment Fund and co-financed by Bank financing, the GoA, and other donors. Triggers for Phase 2 include the establishment of an institutional, legal and regulatory framework for ICZM, adoption of the SCDP, and satisfactory progress on or completion of Phase 1 clean-up and environmental infrastructure investment activities).⁵

25. **Progress to Date.** The overall implementation progress of the Project is moderately satisfactory. While the progress on finalization of the designs and environmental impact assessments for the Porto Romano Clean-up, the rehabilitation of the port of Saranda, the water and sewage rehabilitation in Saranda, and the solid waste landfill are showing good progress, the preparation of the SCDP was delayed substantially (see Section IV below). The Coastal Village Conservation and Development Program is also showing less progress than required.

IV. SPECIAL ISSUES

26. This section addresses issues raised by the Requests, including the allegations that the recent demolitions are linked to the Project; the delay in preparing the SCDP; the Project's compliance with OP 4.01, *Environmental Assessment* and OP 4.12, *Involuntary Resettlement*; Bank efforts in supporting measures to address transparency and social impact issues relating to the Government's actions on unauthorized structures; the Bank's response to the demolitions in the Project area; and increasing the geographic scope of the Project to include the Bay of Vlorë area.

⁴ Beneficiaries in this context refer to villages, communes or municipalities, as well as local associations, schools and home-owners in traditional villages that benefit from the coastal village conservation and development program.

⁵ For more information on the triggers for Phase 2, see Annex 2.

A. FIRST REQUEST

27. The first Requesters allege that their residences were demolished under the auspices of a World Bank supported ICZMCP Project.

28. **The demolitions were not linked to the Project directly or indirectly.** The demolitions at Jal were undertaken in the context of a nationwide Government program (ongoing since 2001) to remove unauthorized buildings and encroachments from public spaces, in accordance with national law. The demolitions referred to by the first Requester in the Request for Inspection were not limited to the Project area, not caused by or linked to the Project, and were not done in anticipation of the Project or to achieve the Project objectives. This was confirmed by the Government to the Bank during a May 2007 supervision mission undertaken specifically in response to the allegations that primary residences had been demolished, resulting in impoverishment in localities covered by the Project (see paragraph 49). The Government further indicated that the recent drive to remove structures in the coastal areas was in view of the impending tourist season, to remove physical structures that block public access to beaches.

29. **The demolitions could not have been carried out as part of, or as a result of, the Bank-financed SCDP, because the SCDP has not been prepared yet.** The 1995 CZMP, prepared with assistance from a consortium of donors including the Bank, did not contain sufficient geographic detail to allow for its use in zoning, building permits or regulations.

30. Government officials informed the Bank's May 2007 mission team that there are at present no development plans, either in draft or approved, and no building permits issued or building permit applications made for tourist developments in the Jal region.

31. **Preparation of the Southern Coastal Development Plan is delayed.** The formulation of the SCDP was initiated in 2005 by a consortium of consultants (referred to hereafter as "the Consortium") financed by the ICZMCP. The original Terms of Reference, which followed in broad terms the requirements of the 1998 Urban Planning Law, called for evaluation of the capacity of the land and existing infrastructure in the area to be covered by the SCDP to support various land-use purposes (e.g., tourism, urban, agriculture, forestry, pasture, etc); forecasts of growth in each land-use category during a period of 10 years; analysis of impacts on natural resources and infrastructure; identification of most appropriate locations for various types of development, with an emphasis on tourism; and identification of areas where certain developments should be forbidden or discouraged. The formulation of the SCDP was to be in line with strategic environmental assessment principles and social safeguards requirements, and was to be developed with a participatory framework. The geographical coverage of the plan is from (but not including) Orikum to the Greek border (as shown on Map 1).

32. By the end of October 2006, the Consortium had delivered a comprehensive study of the southern coast, including a few preliminary recommendations for the zero draft SCDP. Although the study provided much information on the southern coast and partially reflected the views of local stakeholders (gathered during public consultations), it fell

short of what the Government felt would be necessary to support and promote sustainable development in the area. It also did not provide a clear general development vision for the southern coast, which could help guide the central, regional and local governments on public infrastructure investments, public-private business opportunities, and public open space requirements.

33. In addition, the Consortium's study did not document the participatory process required under the contract, which led to questions about stakeholder ownership of the process and prospects for the final plan to be widely accepted. Public consultations of the zero draft SCDP took place during July 21-26, 2006, but they were not well organized and the consultants did not properly present the possible options for development of special areas.⁶ The inadequate content of the zero draft SCDP and the improper consultation process were the main reasons that caused the Government to initiate termination of the contract with the Consortium in mid-October 2006. After some discussion, both parties agreed to terminate the contract on amicable terms at the end of October 2006. It then took almost six months for the parties to reach agreement on the amount of the final payment. This agreement was finally reached on June 11, 2007, and the contract was formally terminated on June 29, 2007.

34. In the meantime, an agreement was reached between the Government and the Bank to hire new consultants to resume the work related to the formulation of the SCDP. While discussions were ongoing on the termination of the Consortium's contract, the Government initiated procurement of several consultancy services contracts for the formulation of the SCDP under new terms of reference. The procurement of these consultancy services was organized as followed: (i) procurement of a planning firm to prepare the SCDP, Coastal Regulations, an Infrastructure Development Plan and related Maps; (ii) procurement of an individual consultant to prepare the Strategic Environmental Assessment (SEA) of the SCDP; (iii) procurement of an individual consultant to develop the Geographic Information System (GIS) for the area to be covered by the SCDP; and (iv) procurement of individual consultants to facilitate the public consultations related to the SCDP and SEA.⁷

35. The status of the procurement process for these assignments is as follows. The contract for preparation of the SCDP was signed on August 30, 2007 and is likely to be completed by January 2008. The contract for the preparation of the SEA was signed on June 28, 2007 and is planned to be implemented between July and November 2007. The GIS contractor has been selected and is preparing a financial proposal, as per the procurement procedure. Bids for the contract for facilitation of public consultations are currently being evaluated.

⁶ According to the Terms of Reference under the first contract, the plan had to be developed through a consultative process. Once the concept of the development plan was ready, it required consultations within the government and with local communities through organized workshops/presentations to ensure commitment to changes in planning priorities and compliance with land-use regulations.

⁷ For more information on the terms of reference for preparation of the SCDP, see Annex 3.

36. **The Government and the Bank consider it critical that any proposal for the development of the coastal zone have the active support of all stakeholders.** Key stakeholders include: the Inter-Ministerial Working Group responsible for coordinating the SCDP; residents of the southern coast zone and their local elected officials; and many others with a stake in the area, including current and potential investors and developers, those with an interest in preserving the area, and the general public. Consultations are a vital part of the process of developing the SCDP and for that reason the firm that is awarded the contract will provide training in market-based planning and land-use management concepts and methods for organizations at the local, regional and national levels. It will also prepare a guidance document that identifies the development and preservation issues that will be addressed in the Southern Coast Regulation accompanying the SCDP, which will regulate the southern coast and provide the relevant measures, regulations and standards to mitigate and manage the specific risks inherent in the development of the area. Based on the guidance document, the planning firm, assisted by local facilitators, will conduct a participatory dialogue with national, regional, and local government units and community-level stakeholders to develop the Southern Coast Regulation.

37. **The Bank's application and implementation of OP 4.01 and OP 4.12.** The Project was categorized as Financial Intermediary (FI). An Environmental and Social Safeguards Framework (ESSF), was prepared, with appropriate consultations and disclosure, and has been adopted by the Government. The ESSF reflects the requirements of the World Bank policies on Environmental Assessment, Physical Cultural Resources and Involuntary Resettlement to address environmental, cultural property and land acquisition issues associated with specific infrastructure or physical investments financed by the Project or recommended by the SCDP and financed by any financial source. The ESSF reviews the country's laws and procedures on Environmental Assessment (EA) and land expropriation; outlines general environmental and social issues relating to the proposed investments; and sets procedures to be followed for specific EAs and Resettlement Plans that may be required during project implementation. This Resettlement Policy Framework (within the ESSF) addresses: (i) likely adverse social impacts that could result from the implementation of the management plan for Butrint National Park; (ii) likely issues of land acquisition and resettlement that may result from the specific infrastructure investments financed by the ICZMCP; and (iii) likely specific investments ensuing from the SCDP.

38. Since Albanian environmental regulations require SEAs for national and regional plans for territorial adjustment, an SEA is to be prepared for the SCDP under a separate consultancy contract (see paragraphs 31 and 34 above).

39. At the design stage of the Project, the Bank team considered three possible grounds for triggering OP 4.12 (Involuntary Resettlement):

- (i) Demolitions of illegal buildings under the Government's ongoing program to remove unauthorized structures and encroachments from public spaces across the country.

- (ii) Implementation of the SCDP, in that the Plan could establish regional zoning requirements which might result in removal of incompatible structures.
- (iii) Possible land acquisition for the purpose of enabling specific infrastructure investments in the southern coast, following adoption of the SCDP.

40. Of the above, only (i) is directly relevant to the first Request for Inspection as it was under the Government's program of encroachment removal that the buildings in Jal were demolished. As noted above in paragraph 28, the Government's ongoing program to remove unauthorized structures and encroachments from public space applies to many regions of the country, including the coastal zones, among others. During the design phase of the Project, the Bank team recognized the need to investigate the potential for real (or perceived) linkage of this ongoing Government program to the Project. The team therefore commissioned an independent assessment of the law and its implementation with regard to the Government's encroachment removal program. The assessment clarified that the demolition of unauthorized structures started in 2001 and covers areas in Tirana, Durrës, Shkodra, Korca as well as Himare and Saranda. The review further indicated that: (i) the Government's program is aimed at enforcing existing land-use regulations in the country and follows the due process established under Albanian laws and regulations; (ii) the process does not target removing encroachments from specific locations for the purpose of promoting investments; (iii) the process predates the Bank's involvement in the Project; and (iv) the process is likely to continue regardless of the Bank's involvement in the Project.

41. On this basis, the Bank team determined that there is no linkage, as defined in Paragraph 4 of OP 4.12,⁸ between any demolitions conducted under the Government's ongoing program of encroachment removal (including those identified in the Request) and the Bank-supported Project. Therefore the removal of such encroachments is unrelated to Bank-financed investments and/or the SCDP and is not subject to the Bank's Policy on Involuntary Resettlement. Under the Government's encroachment removal program, people living in illegal buildings will lose their structures across Albania (including in localities covered by the Project). However, this does not result directly from the Bank-supported Project. Furthermore, nor is such removal necessary to achieve the objectives of the Bank-supported Project.

42. With respect to paragraph 38 (ii) above, the aim of the Project is to introduce a replicable concept of, and approach to, integrated planning in Albania. As reflected in the Project Appraisal Document (PAD), in the event of adverse impacts arising from regulations to promote sustainable land-use (resulting from the SCDP), the Policy is not triggered. OP 4.12 also is not triggered with respect to regulations of natural resources on a

⁸ "This policy applies to all components of the project that result in involuntary resettlement, regardless of the source of financing. It also applies to other activities resulting in involuntary resettlement, that in the judgment of the Bank, are (a) directly and significantly related to the Bank-assisted project, (b) necessary to achieve its objectives as set forth in the project documents; and (c) carried out, or planned to be carried out, contemporaneously with the project."

national or regional level (in this case, coastal areas) to promote their sustainability.⁹ The OP suggests, however, that it is good practice for the Borrower to undertake a social assessment and implement measures to minimize and mitigate adverse social impacts, especially those affecting poor and vulnerable groups. In the present case, although OP 4.12 is not applicable, the Project ensures that due diligence is undertaken on social aspects of potential displacement arising from implementation of the Project to ensure that vulnerable people are not affected. As noted in the PAD, the Project will provide technical assistance to the Government and local communities to improve the approach to social aspects in land zoning, and to provide selective assistance to the affected poor and vulnerable. Legal expertise to assist the Government on legal assessment and appeal provisions will also be included in this process.

43. Regarding paragraph 38 (iii), the PAD indicated that in the event that land has to be acquired for specific Project-financed infrastructure investments, OP 4.12 would apply. This is the case with respect to the Porto Romano hotspot clean-up component where five families are currently being resettled according to the policy.

44. The above considerations were reflected in the Project design as follows:

- It was concluded that the ongoing Government program to remove unauthorized structures and encroachments is not linked to the Project and therefore OP 4.12 does not apply.
- Preparation of the SCDP was to be carried out through a consultative and participatory process.
- Given the weaknesses in Albanian law and its implementation relating to demolitions and involuntary resettlement highlighted in the independent assessment, implementation of the SCDP would include social due diligence and measures to protect vulnerable people. These included: (i) working with Government to develop criteria, procedures and a package of assistance for identifying and assisting affected people who lose their primary residence or main source of livelihood due to encroachment removal related to implementation of the SCDP; and (ii) technical assistance for building capacity of the Construction Police to clarify criteria and assure transparency during demolition activities and to put in place mechanisms to ensure public outreach and due process for protecting individual rights that may be adversely impacted by the land-use plan.
- The Government adopted a Resettlement Policy Framework (within the ESSF) acceptable to the Bank that reflects the core principles of OP 4.12 and Albanian laws on land expropriation (see paragraph 37 above).

⁹ Footnote 8 of OP 4.12. "...This policy does not apply to regulations of natural resources on a national or regional level to promote their sustainability, such as watershed development, groundwater management, fisheries management, etc..."

45. **The Bank has also been supporting measures to address existing issues of unauthorized structures and land-use planning in Albania under this and other projects.** Rapidly increasing ad-hoc development and unauthorized construction, associated with a lack of effective land-use and urban planning are a serious problem in Albania (along with neighboring countries), particularly in peri-urban and coastal areas. The Bank team is aware that the Government's program to remove unauthorized structures from public areas, while consistent with national law, has generated considerable controversy as well as complaints from those affected.

46. The Bank has been working with the Government to help develop and implement sustainable, equitable and humane solutions, through land-use and urban planning, improving cadastral and land registration capacity and revision of legislation and procedures. For example, the recently approved, Bank-financed Land Administration and Management Project aims to improve land management and orderly development through enhanced land tenure security and capacity building of local government in land-use planning and development control. The ICZMCP aims to support participatory land-use planning and subsequent sustainable development based on that planning in the sensitive coastal region. The Project also includes provision of technical assistance to the Government to develop the legislative and regulatory framework for coastal zone management and to help improve regulatory practice relating to the removal of unauthorized structures, as outlined in the Development Policy Letter. This includes ensuring public outreach and due process for protecting individual rights, and clarifying criteria and assuring transparency. However, provision of this technical assistance has been delayed by the decision to re-tender the SCDP contract and while awaiting the completion of a process of legislative and institutional reform and restructuring of land use planning and enforcement agencies (including the Construction Police), which has been ongoing for the last year.

47. The Bank also provided comments during the preparation of the Government's draft Law on Legalization, Urbanization and Integration of Unauthorized Construction. This included the importance of having approved land-use plans in place prior to proceeding with legalizations, in order to avoid excessive costs for future public facilities as well as the dilemma of having legalized structures that are inconsistent with long-term plans and public needs. Many of the Bank's recommendations focused on including provisions to mitigate potential negative impacts of the law on the poor, particularly those occupying illegal settlements. For example, the Bank team recommended that the Government provide legal and administrative support to those who need it for preparing the legalization documentation, as well as flexible payment terms for those who would have difficulty in paying in full in the short term. Another recommendation was to allow residents of informal settlements, which function as a neighborhood community, to be legalized as a group. The Bank's comments also raised the concern that demolitions of buildings in informal zones and polluted areas might displace and further impoverish the poorest sections of the population, and recommended that the poor who might be displaced should be meaningfully consulted with and assisted in finding equivalent alternative accommodation and in their efforts to improve their standards of living.

48. The Government noted the Bank's advice and, in some cases, acknowledged the team's recommendations by including provisions that provide feasible and flexible payment schedules for the poor, and involving local government units more effectively in oversight/monitoring of construction. We will continue to engage both on legal revisions and on implementation of the law. Our experience and expectation is that refinements to the legislation will be made through an iterative process.

49. **The Bank's response to demolitions in the project area.** When the Bank received complaints and allegations in late April 2007 that demolitions had occurred as a consequence of the Project, it promptly sent a fact-finding mission to Albania in early May 2007. The mission determined that the demolitions were not related to the Project or to the SCDP. Nonetheless, the mission was concerned with the social impact of the demolitions and made recommendations to MPWTT to mitigate the negative impacts.

50. **Recommendations.** In early July 2007, the Bank sent an Aide-Memoire to the Albanian authorities outlining its findings and making recommendations. The Bank's recommendations included:

- ***Defining transparent criteria for identifying illegal buildings for demolition:*** The mission recommended that the Construction Police Directorate, under the guidance of the Department of Urban Policies, critically review the criteria that are used in identifying buildings that need to be demolished within the coastal line. For example, the Bank proposed to use the date of an aerial photograph, financed earlier by the Project, as a cut-off date – illegal additions made after that date would not be eligible for compensation relating to demolition. It was also recommended that the Government undertake effective public dissemination of the delineated area and the cut-off date to prevent a further influx of people and property development. In addition, the mission recommended that demolitions be restricted to only those buildings constructed on the gravel/sandy area of the beach.
- ***Defining eligibility criteria for assistance:*** The mission supported continuation of the Construction Police's practice of not demolishing primary residences, and recommended that the Government consider setting the criterion that if the building demolished provides more than 10 percent of the annual household income of the affected person, then the owner should be considered as being eligible for assistance.
- ***Identifying a package of assistance:*** The mission requested the Government to provide mitigation measures and assistance, to all affected eligible people in the Project area to allow them to restore their livelihoods, using ICZMCP funds, even though there was no linkage to the Project. This assistance may not have one-to-one correspondence with the amount required to compensate for lost assets or income earning opportunities, but should be sufficient to restore the livelihoods of those affected people who genuinely face impoverishment risks.

- **Public outreach and dissemination efforts:** While the Construction Police may have followed its due processes in executing the demolitions, there could be perceptions of bias and selectivity and lack of consistency in applying the criteria for identifying illegal buildings for demolition. Measures need to be taken to increase public outreach and information dissemination efforts. The Construction Police should consider launching a wide and appropriately tailored public information campaign whereby information on criteria for the choice of buildings, the criteria for identifying the vulnerable, the grievance redressal measures, and the package of mitigation measures is made widely known. Such public information campaign could be carried out with funding under the ICZMCP, regardless of whether the affected areas are linked to the Project.

51. In addition, the Bank advised the Government to put on hold future plans for further demolition until the above mentioned criteria are developed and agreed. The General Director of the Construction Police has confirmed that when the extensive reorganization of the Construction Police into a national construction inspectorate is complete, they will work on the eligibility criteria, assistance package and outreach program recommended in the May 2007 Aide Memoire.

52. According to the Project Coordination Unit Coordinator and the ICZMCP implementation team, no demolitions have occurred in the project area since the May mission except for one building intended as a discotheque within the Butrint National Park boundaries (a UNESCO World Heritage site, for which GEF financing has been provided). This building has been demolished and reconstructed several times in violation of national law (see attached photo of the building).

53. The project team will use the next project supervision mission during the week of September 17-28, 2007 to follow up on the recommendations contained in the letter and will brief the Inspection Panel on the outcome of the visit.

B. SECOND REQUEST

54. The second Requesters contend that Vlorë Bay should be included in the scope of the ICZMCP Project.

55. **Coverage and Scope of the Project.** The ICZMCP covers the geographical area from (but not including) Orikum to the Greek border (as seen in Map 1) with the objective to set up and initiate an ICZM approach to reduce coastal degradation in this area. This is expected to serve as a pilot program, to be extended to other areas of the coast in the future. In addition, there is one specific activity (clean up of Porto Romano),¹⁰ which falls outside the project area, but which was added to the project for reasons of administrative efficiency. The scope of the Project was discussed during public consultations, at

¹⁰ Specifically, the objective of the component is to reduce the soil and groundwater contamination in the former chemical plant in Porto Romano and establish a model for dealing with the clean-up of hazardous hot-spots that could be replicated in other sites along the coast.

which representatives of the Government, the Consortium, and the Bank explained the reasons for the Project's coverage.

56. The Government adopted in 2002 the principal recommendations of the 1995 CZMP and the development framework that divided the coastline into three zones – the northern, central, and southern zones – with differentiated strategies for each.¹¹ The Bank-supported Project was strategically focused on the southern coastal zone with its largely pristine and highly vulnerable resources, where actions regarding conservation of the coastal and marine environment were very critical, project interventions were likely to have positive development impact in the medium term and sufficient IDA financing was available to realize basic infrastructure investments.

57. As explained above, the ICZMCP is financed as an APL Credit and divided into two phases. Because ICZM is a new approach in Albania and relatively complex to implement, the first phase is focused on just one section of the coast (the southern coast) for the sake of manageability and to increase the likelihood of success. The second phase of the program will further develop institutional, legal, and regulatory capacity in terms of ICZM and land-use planning to support sustainable coastal tourism development, and will build on the initial results of Phase 1. The approach of the Project is to introduce a replicable concept of integrated planning in Albania, not to undertake a nationwide or even coast-wide development project. Extension of the Project at a future date to those areas identified by the second Requesters would depend on the success of the pilot program and the Government's interest in applying the Project to a broader area.

V. MANAGEMENT'S RESPONSE

58. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

59. Management believes that the Bank has made diligent effort to apply its policies and procedures and to pursue concretely its mission statement in the context of the project. In Management's view, the Bank has followed the guidelines, policies and procedures applicable to the matters raised by the Request. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by the Bank-supported Project.

¹¹ See paragraph 9 above.

ANNEX 1.
CLAIMS AND RESPONSES
FIRST REQUEST

No	Claim/Issue	OP/BP	Response
Linkage of Demolitions to Project			
1.	<p>During the April 17-21, 2007 period, our permanent, year-around residences were either entirely [...] or partially [...] demolished by the Construction Police of the Municipality of Vlorë under the supervision of the Ministry of Public Works, Transport and Telecommunication (MPWTT) and in line with the Southern Coastal Development Plan of the World Bank. The rationalization suggested for this horrific event was that we did not possess building permits, similar to 50% of construction in Albania built post 1990 (World Bank, 2006) and approximately 100% of construction in Coastal Albania.</p> <p>In a highly obscure process, government representatives would indicate that demolitions were based on the law and were part of a bigger plan drafted by the World Bank for the Coastal Region of Albania.</p> <p>We later learned from the media and onsite managers of the project that the demolition was a result of executing the Southern Coastal Development Plan of the World Bank for the area.</p> <p>Implementation of the specific component of the Southern Coastal Development Plan in the village of Jal resulted in loss of all our livestock.</p>	<p>OP 4.01 OP 4.12 OP 1.00</p>	<p>Management wishes to clarify at the outset that the demolitions were neither a result of nor linked to the implementation of the ICZMCP. Bank funds were not utilized for the demolitions. Concerned by the allegations made regarding the demolitions, a Bank fact-finding mission went to the Project area in early May 2007 immediately after receiving a notice from the Requesters. The team subsequently determined that there was no link between the Project and the demolitions.</p> <p>The demolitions at Jal were undertaken in the context of a nationwide Government program (ongoing since 2001 and before preparation of the Project was initiated) to remove unauthorized buildings and encroachments from public spaces, in accordance with national law. Demolitions were not limited to the Project area, not caused by or linked to the Project, and were not done in anticipation of the Project or to achieve Project objectives. This was confirmed by Government to the Bank during the May 2007 supervision mission; the Government also indicated to the Bank that the recent drive in the coastal areas was in view of the impending tourist season, to remove physical structures that block public access to beaches.</p> <p>The demolitions could not have been carried out as part of, or as a result of, the Bank-financed SCDP, because the SCDP has not been prepared yet.</p> <p>An earlier Coastal Zone Management Plan prepared in 1995 with Bank assistance did not include sufficient geographic detail to allow for its use in zoning, building permits or regulations.</p>
The World Bank's Application of OPs during Preparation and Implementation/Supervision of the ICZMCP			
2.	<p>The ICZMCP and in particular its sub-project, the SCDP, implemented in collaboration with the Government of Albania has violated our rights to shelter and adequate housing and the right to a fair trial.</p> <p>[...] A large part of the village of Jal was fully destroyed as a result of failure and/or oversights of the World Bank project managers and government implementing agencies to take into consideration legal rights as well as the well being of our community. The Bank's policy to oversee the project and ensure that the government was committed to allowing adequate provisions to mitigate impoverishment</p>	<p>OP 4.01 OP 4.12 OP 1.00 OP 13.05 OP 13.60</p>	<p>The umbrella ICZMCP was categorized as Financial Intermediary (FI), but sub-projects would be categorized according to their individual impact. An Environmental and Social Safeguards Framework (ESSF), was prepared, with appropriate consultations and disclosure, and has been adopted by the Government. The ESSF reflects the requirements of the Bank policies on Environmental Assessment (OP 4.01), Management of Cultural Property in Bank-financed Projects (OPN 11.03), and Involuntary Resettlement (OP 4.12).</p> <p>The ESSF: includes a review of the country's laws</p>

No	Claim/Issue	OP/BP	Response
	<p>risks to the poor was clearly violated.</p> <p>The Integrated Safeguard Datasheet for the ICZMCP dated on 04/13/2005 also indicates that; "Subprojects that trigger the Bank's safeguard will be cleared by the Bank prior to implementation" and "The implementation unit (PCU, including the Coastal Village Conservation and Development Implementation Team) will monitor project execution of subprojects to ensure that all requirements and specifications are met and environmental considerations are incorporated according to the [Environmental Management Plan]". As this letter indicated, the project in Jal was not supervised and included actions that the World Bank would be appalled to know of.</p> <p>The project has failed to take into consideration the local community of Jal and monitor inhumane actions undertaken by one of the World Bank's implementing partners, the Construction Police.</p> <p>The Bank also failed to monitor and assess the impact of its operational activities.</p> <p>[The ISDS] indicates that: "Since the proposed Southern Coastal Development Plan is expected to develop land-use zoning requirements, recommendations for demolitions of illegal structures along the coastal line to regulate land use may use controversy. However, no large-scale relocation of people or communities is envisaged and Albanian laws provide for the possibility of legalization and regularization of property ownership. Further, as reflected in the Development Program Letter and the ESSF, the government is committed to ensuring that the SDCP will have adequate provisions to mitigate impoverishment risks to the poor and vulnerable as a result of these demolitions. The Bank position on involuntary resettlement is that affected people, regardless of their legal rights to reside or conduct economic activities in the project area, (accounted for in a census on or prior to the cut-off date), are eligible for resettlement assistance. If the Policy on Involuntary Resettlement were indeed to be triggered for the SDCP component, exceptions to those deemed eligible for resettlement assistance will be made on the basis of an assessment of their socio-economic profile. This profile will be ascertained during a comprehensive socio-economic survey of people living in and dependent on the affected structures for their livelihoods."</p> <p>During the demolition, one resident [...] was hit while inside her house in an attempt to take out her cellular phone.</p> <p>[T]his project resulted in the displacement of a small number of families from their permanent year round residences...</p> <p>It is our understanding that World Bank projects ought to be monitored and not allow violations of this magnitude from corrupt government officials. We expect the World Bank to take responsibility and recognize that recommendations for the demolition of our village were inconsiderate, extreme, and inhumane.</p> <p>We also feel it is imperative that the World Bank investigate this initiative and the misuse of World Bank and other donor funds (which are being used for the exact opposite</p>		<p>and procedures on Environmental Assessment (EA) and also on land expropriation; outlines general environmental and social issues relating to the proposed investments; and sets procedures to be followed for specific EAs and Resettlement Plans that may be required during project implementation. The ESSF also includes a Resettlement Policy Framework for the project, a Process Framework for Butrint National Park, and a Resettlement Plan for the resettlement of four families from the Porto Romano hotspot.</p> <p>A Strategic Environmental Assessment (SEA) will also be prepared for SCDP, per the requirements of Albanian environmental regulations with respect to national and regional plans for territorial adjustment.</p> <p>Management wishes to clarify that the Construction Police will receive technical assistance but is not an implementing partner of the Project.</p> <p>The statement regarding the Integrated Safeguards Datasheet (ISDS) refers to: (i) the sub-project investments supported under the Bank-supported Coastal Village Conservation and Development Program; and (ii) other investment activities under the Project (specifically, in Component B, See Annex 3).</p> <p>Management further wishes to clarify that there are no operational activities underway in Jal Beach.</p> <p>The Requesters correctly summarize OP 4.12 and how the Bank applied the OP, and, more broadly the principle of social "due diligence" in the case of ICZMCP. Specifically, the Project makes provisions for (and the Government has committed to) putting in place provisions to mitigate negative socio-economic impacts on poor and vulnerable people (regardless of their legal status) should any demolitions be undertaken in the context of implementing the SCDP.</p> <p>These measures include:</p> <ul style="list-style-type: none"> • Development of transparent criteria for identifying buildings to be demolished; • Development of eligibility criteria for identifying vulnerable people requiring assistance; and • Identification of types of assistance that could be provided to them. <p>The measures were to be carried out as part of implementation of the SCDP. However, the SCDP has not yet been completed and is not yet under implementation.</p> <p>In addition, over the past year, the Government has been in the process of revising its legislative and regulatory framework for dealing with unauthorized structures and restructuring the key institutions resulting in a state of flux and uncertainty. The Government and the Bank agreed that it would not be effective to deliver technical assistance for implementation of these laws and regulations until the new framework was in</p>

No	Claim/Issue	OP/BP	Response
	<p>of their initial intention) in order to remedy these injustices and stop any future rights violations.</p>		<p>place.</p> <p>It was anticipated that the SCDP would have been completed by this time and starting implementation, and, therefore, these social due diligence measures would therefore also already be underway. In view of the fact that demolitions continue to take place under the Government's program of removals, the Bank has recommended to the Government to advance the implementation of these important measures, and to apply them to people affected by the Government's ongoing program of encroachment removal in Jal and elsewhere. The Bank also suggested that funds from ICZMCP could be used to help meet the costs of this, despite the fact that none of the demolitions were related to implementation of the ICZMCP.</p> <p>Finally, Management wishes to note that the Bank is regularly monitoring and supervising the Project. During fiscal year (FY) 2006, there were four technical supervision missions, including one in response to the demolitions in Jal even though they are not related directly or indirectly to the Project.</p>
Public Consultations			
3.	<p>The Project Information Document indicates that: the program will consider preparing a SEA for the Southern Coastal Area both as a planning tool at local level and as a vehicle for community involvement in decision-making process. The discussions of the special master plans, which will be based on the 1995 CZM Plan, will be used for promoting local awareness in environment, tourism and sustainable development objectives. The Integrated Safeguard Datasheet states that one of the key indicators for achievement of project objectives in Phase 1 is that: "Local and stakeholder participation is incorporated into coastal zone management decision." We would like to stress out that our community had no information about works of the specific project. We were never consulted, asked or informed about any of the components of the project. Objections of our local government are another indicator of our broader community fully disagreeing with action forced upon us from implementing agencies of the Integrated Coastal Zone Management and Clean-Up Project and in particular its sub-project, the Southern Coastal Development Plan.</p> <p>The implementation of this project resulted in the displacement of a small number of families from their permanent year round residences, as well as...a complete lack of information and transparency regarding any projects or further plans for the area.</p> <p>Project managers have acted with a lack of transparency with the local community in presenting any kind of planning or any steps necessary to comply with the plan for the area.</p> <p>To date, we have received no sound explanation on why our remote village was targeted by this project.</p> <p>The injustice has not gone unnoticed locally, Members</p>	<p>OP 4.01</p> <p>OP 4.12</p>	<p>Management agrees that the Project promises and fully expects to deliver increased community/ stakeholder participation in spatial planning and decision-making.</p> <p>Several local consultations were held during Project preparation and during the process of initiating the preparation of the SCDP. Management notes that neither the Government nor the Bank have been fully satisfied with the level of consultation to date as carried out by the Consortium of consultants who were preparing the SCDP. The initial consulting contract for preparation of the SCDP has been terminated, due in part to these shortcomings, and the Government is in the process of contracting new technical assistance. More consultations will take place as part of continued preparation of the SCDP and the SEA.</p> <p>The Requesters' statements regarding "works of the specific project" and the "action forced upon us" appear to refer to the recent demolitions, which were not done under nor linked with the ICZMCP or the SCDP (see Items 1 and 2 above). The actions do not refer to nor are they related to any actual Bank-supported Project activities that are underway.</p> <p>As stated above, the Project is not related to the demolitions. There are no project activities being undertaken in Jal.</p> <p>Management has no information to comment on allegations regarding the Government's veracity with respect to the demolitions.</p>

No	Claim/Issue	OP/BP	Response
	<p>of the Parliament, the Mayor of the Municipality of Himara and several political parties heavily criticized these actions and accused the government for having special private interests in the area.</p> <p>The demolition activities were surrounded with repeated lies from government officials both on the site of the demolition activities and at the government level.</p>		
Due Process (under the "Legalization Law")			
4.	<p>The project implementation resulted in non-compliance not only with World Bank operational policies as stated above, but also with the existing Albanian laws [among them...] the 1998 Urban Planning Law, article 77 [and...] Law 9482 "On legalization, urbanization and integration of buildings without permits" article 2/3.</p> <p>[...] We requested building permits from the relevant authorities, who indicated that issuance of permits is not available in regions which lack an urban planning and study. Since Jal is an area within the development of tourism-priority zones, any building permit has to be approved by the Council of Territorial Adjustment of the Republic of Albania (KRRTRSH). The Council of Territorial Adjustment of the Republic of Albania is also responsible for approving the urban plan for these areas (Law Nr.8405 "On Urban Planning", article 70, dated 17/09/1998).</p> <p>The lack of urban planning for an area is not unique to the village of Jal but extends to a large part of Albania. We had lost all hope and confidence that the previous or the current government of Albania would eventually provide and approve an urban planning of the area, considering that we are a small and isolated community and lack basic needs such as fresh water.</p> <p>The Government of Albania finally acknowledged its failure to provide building permits in years and that if it were to demolish housing without permits it would have to destroy a large part of the country' capital. Consequently, in 2006 it passed a law "On the legalization, urbanization and integration of buildings without permits" under which all of our families were eligible to apply and did so in compliance with the instructions provided by the appropriate authorities. Our applications were verified and registered by local authorities and a copy of these documents is attached to this letter.</p> <p>Awaiting the second phase of the legalization process, we received a notice (April 3, 2007) from the Construction Police and MPWTT that a decision had been made for the demolition of our houses.</p> <p>Under Albanian Law, we were allowed to file a complaint</p>	OP 4.12	<p>Management considers that the Project has been prepared and implemented in accordance with Bank operational policies. The legal issues raised by the Requesters do not pertain to the application of the Bank's policies and the Bank cannot comment on the Government's application of its national laws outside the scope of the Project.</p> <p>The Bank was aware of concerns surrounding the Government's program to remove unauthorized structures from public areas. During Project preparation, the Bank commissioned an assessment of the law and its implementation with regard to demolitions and involuntary resettlement issues in Albania. The study concluded that the Government program was not a part of the Project and that it was generally being conducted following due process under national laws. The Bank made suggestions and offered technical assistance to improve the legal and regulatory framework and offered capacity building to the responsible institutions, including the Construction Police.</p>

¹ The jurisdiction of the Construction Police has been recently transferred to local municipalities. There was a six month transition period that was given to this executive organ to transfer responsibilities to local authorities. The month of April 2007 was part of this transition period, a fact that raised a lot of rage in the local municipality, since there was no reason to act against local residents during the transition period.

No	Claim/Issue	OP/BP	Response
	<p>at the MPWTT regarding this decision and further proceed to the legal system with a lawsuit against the Construction Police. Only a limited time (5 days) was allowed to file a complaint at the MPWTT and only a few families managed to undertake such action. Fewer proceeded with the lawsuit. Some families already had their preliminary hearings; however, all court dates were scheduled for after April 17.</p> <p>In an unexplained urgency¹ and in conflict with local authorities, which publicly condemned the actions and the project, the Construction Police followed by a lame police force (law enforcement police) arrived in Jal on April 17, at 4:00 am in the morning and started the demolition of our houses and everything that surrounded them.</p> <p>The implementation of this project resulted in the displacement of a small number of families from their permanent year round residences, as well as:</p> <ul style="list-style-type: none"> ▪ Human rights violation including the right to a fair trial, the right to shelter as well as violations of pre-existing laws regarding the subject matter ▪ Inhumane actions including violence from a large police force. <p>A government owned summer resort (built in 2006), as well as other houses that did not possess such building permits were left intact.</p>		
Poverty and Environmental Impacts of the Demolitions			
5.	<p>[The Project] has brought turmoil in a small and peaceful community and has impoverished us severely.</p> <p>The Bank's policy to oversee the project and ensure that the government was committed to allowing adequate provisions to mitigate impoverishment risks to the poor was clearly violated. The Construction Police demolished far more than our houses. It destroyed trees, some of them centuries old. The weight of the bulldozer destroyed one existing sewage structure, the already fragile roads and other construction.</p> <p>Due to year round warm climate and other environmental conditions, Jal is populated by a large number of insects, spiders, scorpions and snakes. The most dangerous of all, scorpions and snakes, reside in cool areas such as beneath rocks and heavy structures. Following the demolition of houses, waste covered for weeks the entire valley of Jal, which became a dangerous ground for young children.</p> <p>While this is ONLY a request for the investigation of the demolition of our residential houses, we would like to point out that small businesses of this type [summer restaurants] in Jal were also destroyed,</p> <p>Finally, one young family of our community has already left to Greece since their house was fully destroyed. Poor economic conditions might also trigger many of us to immigrate again in the near future.</p>	<p>OP 1.00 OP 4.01 OP 13.05</p>	<p>Although the demolitions are not related to the Project, Management is very concerned about the hardships encountered by the Requesters and other affected persons. In May 2007, the Bank fielded a fact-finding mission to assess the impacts of recent demolitions (not just in Jal but all along the coast).</p> <p>Based on the mission's observations, the team has made recommendations to the Government for reducing impacts on vulnerable people, including suggesting the use of Project funds for targeted assistance packages in the Project area, noting that support is consistent with the objectives of the Project.</p> <p>The mission was informed by the Construction Police that they are taking precautions to reduce impacts on vulnerable people, e.g., not destroying principal residences.</p>

No	Claim/Issue	OP/BP	Response
	<p>Components of the ICZMCP aim at "increasing access to basic services associated with improvement of the quality of life and attractiveness of the coastal areas; Phase 1 will contribute in improving environmental conditions, enhancing the quality of life, preserving and improving the cultural and architectural heritage of targeted southern coastal communities." Attached to this letter you will find a set of pictures from the site of demolition. The Construction Police demolished far more than our houses. It destroyed trees, some of them centuries old. The weight of the bulldozer destroyed one existing sewage structure, the already fragile roads and other construction.</p>		
Responsiveness of the World Bank			
6.	<p>[A] member of our community, contacted the World Bank country office (via email) in Albania to inquire if they were aware of the mass destructions and the violation of human rights that were taking place in the village of Jal as well as the allegations that these events were associated with one of their projects. At the time, we were unaware that this project was designed by the World Bank. [She] sent the inquiry several times to [...] (April 23, 2007 and April 24, 2007), the Communication Officer at the office in Tirana. She had indicated in the letter that the same request was faxed to the Department of Institutional Integrity. [The Communication Officer] has never acknowledged or responded to the request. Following this lack of response, [she] sent the request to several other institutions. The Legal Help Desk and the Department of Institutional Integrity of the World Bank redirected the request to the Inspection Panel. The Feedback Office of the World Bank forwarded the letter to Mrs. Elira Sakiqi (IFC) on April 24, 2007. However the local office regrettably never responded. [An Information Officer] wrote on April 30, 2007; 'Thank you for submitting feedback, which has now been copied to the World Bank's contact for Europe and Central Asia. I do regret you have not received a reply for the World Bank's country office in Albania. May I suggest that you may wish to consult the World Bank web site on reporting of corruption and fraud, which may be done by telephone or filling in an on-line form.'</p> <p>After the demolition project, World Bank officials visited the site of destruction on at least two occasions. The first time they talked with two families of the community, mainly asking about the size of the damages. We received no other information on the project. The second time, they did not talk to the local community.</p>	OP 13.05	<p>The Communication Officer in the Bank's Tirana Office received an e-mail from Mrs. Katerina Koka on April 23, 2007 containing information about the demolitions at Jal. The letter was shared with the ICZMCP team as the Project covers this geographical area. The team was concerned by the letter and resolved to look into the allegations so as to be able to respond accurately. As mentioned in Item 1, the team promptly organized a fact-finding mission mission and traveled to Jal from May 3 to 5, 2007.</p> <p>The Bank team's purpose was to view affected sites along the coast and obtain first-hand impressions. They chose not to talk with the local community in Jal or elsewhere at that time in order to avoid creating any misunderstandings, raising unrealistic expectations about the mission, and/or reinforcing perceptions that there was a linkage between the demolitions and the Project.</p> <p>Following the mission, the team wrote to the Minister of Public Works, Transportation and Telecommunications noting that the demolitions were not undertaken as part of the Bank project, but nevertheless recommending that the authorities develop criteria and procedures for identifying illegal buildings for demolition and for assisting vulnerable people affected by the demolitions.</p> <p>Management acknowledges that, while action was taken on the information provided by Mrs Koka, unfortunately, a direct response to her was never issued by the Bank.</p> <p>Management is aware that other letters were sent to different parts of the Bank, including the Transport Helpdesk, Legal Helpdesk and Internet Feedback / Contact Us link. One of these letters was forwarded to INT which responded saying that the author should contact the Inspection Panel instead. Management has no record of the other letters having reached the country office or having been responded to.</p> <p>Management wishes to clarify that the Bank team has visited Jal only once since the demolitions (the</p>

No	Claim/Issue	OP/BP	Response
			first visit referred to by the Requesters comprised Government officials only, not the Bank).
Capacity-Building Component of ICZMCP			
7.	<p>Component A of this project aims at: "Strengthening capacity at the central, regional and local levels to enforce regulatory responsibilities for land-use planning and regulations including compliance with construction permits."</p> <p>The [ISDS] for the ICZMCP further states: "The project will also include institutional strengthening and capacity building of all relevant government institutions, including the Construction Police, and the judiciary to develop criteria and procedures for the classification of illegal buildings and ensure transparency during demolition activities." A detailed description above of the sequence of events indicated that no such provisions took place in the implementation of the project in Jal as envisioned by the initial appraisal of the project managers.</p>	OP8.40	<p>Capacity building under the Project is supported, among others, through activities to strengthen regulatory capacity in enforcement for land-use planning and regulations including compliance with construction permits; activities to strengthen dispute resolution, including criteria and procedures for the classification of illegal buildings and strengthening of general land-use and spatial planning. The capacity strengthening activities were to be carried out as part of the implementation of the SCDP, which has not yet been prepared. Therefore, these activities had not yet been initiated. The Bank has recommended to Government to advance the implementation of this aspect of the Project, in part to help address the needs of vulnerable people in areas already subject to demolition.</p>
Community Development Component of ICZMCP			
8.	<p>Part of the ICZMCP is to enhance community driven tourism development in Coastal Albania. It aims at "implementing sub-projects aiming at promoting sustainable tourism sector development; and scaling-up community-driven tourism development." Jal would have been an ideal community to implement this initiative because the entire village is divided in small parcels of land which have been returned to their rightful owners. However, by overnight destroying all of the community assets, the project provides no insights on how it intends to support community-driven tourism activities, or which channels would the community follow to support itself during the project implementation phase.</p>	OP 1.00	<p>Management agrees that enhancing community driven tourism development in coastal Albania is one of the objectives of the Project and Component B is aimed at this goal. Management cannot comment at this time as to whether Jal would have been selected in future as a site for implementing sub-projects under the Coastal Village Conservation and Development Program. A procedure is in place for communities to identify and submit proposals for support for basic small scale infrastructure, etc. As of the present time, the Government had not received a proposal from Vuno village for investments at Jal Beach.</p>

SECOND REQUEST

No	Claim/Issue	OP/BP	Response
1.	<p>Although the Project covers an area of the Albanian coastline from Butrint region in the South (Ionian Sea) to the Porto Romano in the North (Adriatic Sea), it nevertheless excludes from its scope and implementation the area covering the northern part of the Bay of Vlora up to the mouth of River Vjosa. This area is part of the larger Vlora Region, a unique geographical and environmental entity containing very important historical, cultural attractions and natural protected areas. The entire area from the Caesar's Pass in Palasa in the South² to Bisht Poro and the Village of Delisufaj close to the Vjosa Mouth in the North³ is very significant for the environment, tourism, safe fisheries, natural habitat, ecosystem, coral colonies as well as for the unique historical and cultural significance of the entire Vlora Bay, the Narta Lagoon and the hinterland.</p> <p>While the real gateway to Albanian's tourism and valorization of cultural heritage is widely accepted to be the Bay of Vlora, the Project places its focus on the city and harbor of Saranda only.⁴</p> <p>In short, the very purpose, goals and importance of the Project are being undermined by focusing on the Southern part of the coast, by excluding the Northern Part of the Vlora Bay and by leaving out of the Project the entire seashore from the City of Vlora to the Vjosa River Mouth, which is one of Albania's most valuable portion of her National Seashore, composed of sand dunes, lagoon habitat, river estuary, bird sanctuaries, endangered plants and other species, etc.;</p>	OP 4.01, OP 11.03	<p>Management wishes to clarify that the Project area encompasses the southern coastal zone, as defined by the Government (see paragraph 9 in Section I above). The Project includes also one specific activity in Porto Romano in response to the Government's request to establish a model and capacity to deal with pollution hot spots. Originally separate projects, the two were combined for administrative ease. This decision did not change the borders of the integrated coastal zone management project, which remains focused on the southern coastal zone.</p> <p>Management acknowledges the historical, cultural, natural, and touristic/economic value of the Vlorë region, but notes that it falls outside the southern coastal zone, as defined by the Government, which is the target area for this Project.</p> <p>The aim of the Project is to introduce the ICZM approach over time, beginning with a limited area and then expanding to other regions as experience is gained in land management. As ICZM is a complex process that requires learning by doing, the Government and Bank agreed to begin with a restricted area with a limited range of issues in order to gain experience, hence the decision to focus on the southern coast, which had a specific set of environmental and developmental challenges.</p>
2.	By focusing only on the Southern Albanian Coastline, and by artificially dividing Vlora Bay into two differing regions, the Project adopts a Solomonic solution to the integrated coastal zone management and cleanup strategy in Albania, which is discriminatory, simply unnatural and fundamentally harmful to our economic and interests.	OP 4.01, OMS 2.20	The division of the three coastal zones in Albania was based on careful analysis of the environment and economic development. See Item 1 above
3.	The Project aims to become some sort of a "comprehensive umbrella program" covering several World Bank programs in the area. According to the PAD, "the Bank [will] play a catalytic role in harmo-	OMS 2.20	The purpose of the Project is to introduce the concept of integrated coastal zone planning and management in Albania, not to undertake a nationwide or even a coast-wide development project. The approach estab-

² This is the place where Caesar landed during the Roman Civil War to fight the armies of Pompeii.

³ In this place it is believed to be the lost city of Spinartza, an important trade and diplomatic center in early Middle Age. It is noteworthy that a local NGO, the Civic Alliance for the Protection of the Bay of Vlora will propose to the Albanian government to declare as a protected area under Albanian law the entire Bay of Vlora, from the Caesar's Pass to the Vjosa River Mouth, including Karaburun Peninsula, Sazao Island and its immediate hinterland.

⁴ See, for example, the component of the Project for the Transformation of the Port of Saranda into a dedicated ferryboat and passenger terminal to facilitate access of passengers and vehicles to south Albania. This is another example of the Project's veiled goal of promoting the interests of tourist operators in Greece, Vlora, on the other hand, is a major gateway of tourism from Western Europe as it connects Albania with ports in Italy such as Brindisi, Otranto.

	<p>nizing development assistance activities affecting Albania's coastal zone and in mobilizing further donor support for the coast." However, by excluding the northern section of the Vlora Bay from its focus and operation, the Project creates a dangerous vacuum, which is significantly harmful to tourism development in Vlora Bay and its vicinity.</p> <p>Moreover, such discriminatory approach opens the way for other potentially detrimental development projects, with long-standing negative consequences of an especially negative character over the entire Bay of Vlora and the Albanian Adriatic-Ionian coastline.⁵</p>		<p>lished under ICZM will be used by the authorities when designing projects in Albania. See Items 1 and 2 above.</p> <p>The reference to other potentially detrimental development projects concerns the Government's thermal power project, supported <i>inter alia</i> by the Bank. The Power Sector Generation and Restructuring Project is currently being investigated by the Inspection Panel. For more information, please refer to the Management Response at: http://www.worldbank.org/inspectionpanel.</p>
4.	<p>Measures such as installation of state-of-the-art water supply, sewage and waste-management systems are focused only for the Saranda and Himara municipalities, while they are badly needed in the municipalities of Orikum and Vlora, as well as in the communes of Qender and Radhima;</p>	OP 4.01	<p>Management acknowledges that these municipalities/communes are in need of improved environmental infrastructure and the Bank has suggested to the Government that it seek assistance to this end, including through development assistance.</p> <p>Management would like to clarify that Orikum municipality is included in the Coastal Village Conservation and Development Program.</p>
5.	<p>The Project covers the decontamination of the Porto Romano area in the Durrës region, but it ignores the ongoing decontamination efforts at the chlorine alkali and PC factory area in the Vlora region, thus leaving this area to the mercy of oil-storage developers.⁶</p>	OP 4.01	<p>See Item 1.</p>
6.	<p>We also believe that such exclusion undermines our economic interests in favor of tourist operators in Greece. Vlora Bay is a major independent gateway for tourism in Albania, which the excessive focus on the Saranda harbor places Albania's tourism industry under the economic clout of tourist operators in Corfu, Greece.⁷</p>	OP 4.01	<p>The Project finances the transformation of the Port of Saranda from its current use as a cargo port into a dedicated ferryboat and passenger terminal to facilitate access of passengers and vehicles to the South of Albania. We agree that such facilities will improve the linkages between Saranda and Corfu, where the closest international airport is located and thus increase tourism in the region. Vlorë already has passenger ferry services available.</p>
7.	<p>We believe the Bank has violated policies concerning environment, public participation, cultural heritage and non-discrimination.</p> <p>We have raised our concerns with World Bank consultants or staff at a meeting in Vlora in... On a</p>	OP 4.01, OPN 11.03	<p>On January 17, 2006, at a public meeting in Vlorë, the Consortium presented its interim report of the SCDP to the Deputy Minister of the MPWTT. Representatives of other interested ministries, local government, Bank project team and members of civil society were also present. The minutes show that the requester, Mr Petrit</p>

⁵ For example, this is the case of a World Bank financed oil-based power plant at Treport Beach, with a lifespan of only 25 years, which is subject of another separate investigation by the World Bank and directly contravenes the CZM Project. This project will bring irreversible damage to the Albanian coastline, something which the Project tries to prevent... See also another quote from its PAD: "the CAS, based on the findings of Growth and Poverty Reduction Strategy, emphasizes the natural resources degradation threatens the country's development and poverty alleviation. In this context, Albania's coastal zone is one the country's most valuable assets..." See also "Pollution from ships, The Vlora regional administration ranks oil spills from passing ships among the major concerns. This is magnified by the proximity of the ship routes to the shore and by unfavorable current patterns that transport pollution to the shores of the southern region." [PAD]. The World Bank financed oil-based power plant in Vlora is projected to use imported oil, which will further increase ship pollution in Vlora Bay for the 25 years lifespan of the project...

⁶ Although under de-contamination procedures, this area is being eyed [by] the Italian company La Petrolifera Italo-Rumena for a large oil-storage and deposit project.

⁷ See Note 5 above.

	<p>separate note, concerns regarding the importance of the Bay of Vlora have been raised in several communications with the Bank from Dr. Anna Kohen, Honorary Citizen of Vlora. The responses received have not been satisfactory.</p>	<p>Levendi, and two other (unnamed) representatives of the Association of Tourism, Vlorë, attended the meeting.</p> <p>The issue of the project's coverage and borders was discussed during this public meeting, although it does not appear to have been raised by the Requesters. The Deputy Minister, the Consortium and a member of the Bank team explained the reasons for the Project's coverage.</p> <p>Apart from this meeting, Bank staff (including the project team, the country office based in Tirana and the team in Washington) received no other communications from the Requesters relating to the ICZMCP.</p> <p>The World Bank has received seven letters from Dr Anna Kohen, President of the Albanian American Women's Organization and then President of the Albanian-Jewish Committee of New York, since January 2006, with reference to the Bank-supported Power Sector Generation and Restructuring Project. Either the Vice President or the Director of Infrastructure for the Region responded to each letter promptly, in most cases in less than a month. One response took two months so as to include the findings of a technical mission to Albania fielded to investigate some of the specific claims made by Dr Kohen. Several of the letters from the World Bank to Dr Kohen offered to meet to discuss the issues, at a time and location convenient to Dr Kohen. To date, this offer has not been taken up.</p> <p>In each instance, the substantive issues raised by Dr Kohen were addressed comprehensively by the World Bank team. In doing so, the team held extensive discussions with experts in Albania, including those in Government Departments with responsibility for Archaeology, Cultural Heritage and Power.</p> <p>In July 2006, as noted above, the Bank contracted a specialist in cultural property issues to undertake a technical mission to Albania with members of the project team. The team met with government officials and non-governmental experts in archaeology and cultural heritage. The findings of this technical mission were conveyed to Dr Kohen in a letter dated August 2, 2006.</p>
8.	<p>The World Bank cannot build with one hand and destroy with the other. We believe the above referenced project should be extended immediately and at this very stage and not at a later one to include the entire area of the Vlora Bay up to the Vjosa River Mouth. We understand that this is in conflict with the other World Bank projects. We nevertheless request from the Inspection Panel to carry out an eligibility assessment and conduct a full investigation on this matter.</p>	<p>The ICZMCP is financed as an Adaptable Program Lending Credit. The current project is Phase 1 of the Program. If the triggers as specified in the PAD are met, then a second phase is envisaged to start in 2009, which is expected to include other regions. Specific areas for support for the second phase will be determined during the course of the implementation of the ICZMCP.</p> <p>Management does not understand the Requesters' claim that the Project is in conflict with other projects. To the best of Management's knowledge, this is not the case.</p>

ANNEX 2

PHASE 1 OF ICZMCP: PROJECT COMPONENTS

Project Components. The Project or Phase 1 of the Program will consist of the following components and activities:

- ***Component A: Integrated Coastal Zone Management Policy and Institutional Capacity Building (US\$3.63 million: US\$2.10 million IDA; US\$0.92 million PHRD; US\$0.36 million GEF; US\$0.25 million GoA).*** The objective of this component is to enhance the capacity of the Albanian authorities to manage the coastal resources of the Adriatic and Ionian Seas through the development of an adequate operational policy, legal and regulatory framework as well as financial/economic instruments for ICZM; strengthening institutional capacity to increase efficiency and effectiveness of regulatory, planning and management functions for ICZM at the central, regional and local levels; strengthening the coastal water quality monitoring network; strengthening protected areas management in Butrint National Park; enhancing the knowledge base; and raising public awareness about coastal issues in Albania. Component A comprises two sub-components: (i) strategic policy support; and (ii) coastal management strengthening. Specifically, the component will support:
 - Strengthening capacity at the central, regional and local levels to enforce regulatory responsibilities for land-use planning and regulations including compliance with construction permits.
 - Development and acquisition of adequate management tools such as integrated GIS-based land-use applications.
 - Design and enactment of adequate financial and economic incentives to encourage behavioral changes in human activities in the coastal areas.
 - Development of the policy and legal framework for ICZM.
 - Establishment and capacity building of a functional ICZM institutional framework.
 - Strengthening of the environmental monitoring capacity along the coastal zone.
 - Development and codification of the SCDP.
 - Formulation of a selected number of local land-use plans for coastal municipalities and/or communes.
 - Updating the protected area management plan for Butrint National Park.
- ***Component B: Coastal Environmental Infrastructure and Rehabilitation (US\$28.76 million: US\$14.09 million IDA; US\$5.20 million EU; US\$2.60 million Government of Austria; US\$0.58 PHRD; US\$0.45 million GEF; US\$1.26 million beneficiaries; US\$4.58 million GoA).*** The objective of this component is to assist southern coastal municipalities and communes to help preserve, protect and enhance coastal natural resources and cultural assets leading to improvements of environmental conditions in the coastal area and encouraging community sup-

port for sustainable coastal zone management. Specific physical investments will be processed on a rolling basis within the framework of the SCDP and local strategic plans. The range of physical investments eligible will be established in advance, and these are grouped in four sub-components: (i) southern coastal solid waste management; (ii) Saranda water supply and sewage improvements; (iii) Saranda gateway; and (iv) Coastal Village Conservation and Development Program. Specifically, the component will support:

- Improvements in solid waste management in the southern coastal zone, including the design and construction of two municipal landfills in Saranda and Himare.
 - Improvements in water supply and sewage systems in the tourist area of Saranda town.
 - Transformation of the Port of Saranda into a dedicated ferryboat and passenger terminal to facilitate access of passengers and vehicles to south Albania.
 - Establishment of a Coastal Village Conservation and Development Program to offer financial and other forms of support to local governments and communes located in the Ionian coast committed to comply with Program requirements (through a “Partnership Agreement”) for the implementation of sub-projects aiming at improving public utility infrastructure for environmental and cultural heritage protection and enhancement, supporting sustainable tourism development, revitalizing traditional architectural heritage; support would also be provided to communes surrounding the Butrint National Park for promoting environmental protection and sustainable economic activities.
- ***Component C: Porto Romano Hotspot Clean-Up (US\$4.45 million: US\$0.15 million IDA; US\$3.11 Government of the Netherlands; US\$0.31 million PHRD; US\$0.88 million GoA).*** The objective of this component is to contain soil and groundwater contamination in the former chemical plant at Porto Romano, on the outskirts of Durrës, considered as one of the most seriously contaminated locations in the Balkans. Component C comprises five sub-components: (i) capacity building and awareness raising on hazardous waste management; (ii) environmental monitoring; (iii) remediation and clean-up works; (iv) land-use planning; and (v) resettlement plan implementation. The Project will build capacity for hotspot management within the Ministry of Environment, which could be further applied to address other critical hotspots throughout the country,¹ and will support community awareness raising activities in the Porto Romano site, focusing on the reduction of environmental health risks. Specifically, the component will support:
 - Capacity building in hotspot management and community awareness.
 - Establishment of a long-term environmental monitoring system.

¹ Other industrial hotspot sites in the country include: the chlorine alkali and PC factory in Vlorë, the Marize oil field in Patos, the oil refinery in Ballsh, the waste disposal site in Sharra, the nitrate fertilizer plant in Fier, the metallurgical complex in El-bassan, the copper factory in Rubik and the phosphate fertilizer factory in Lac.

- Carrying out critical remediation and clean-up works.
- Establishment of a model for dealing with the clean-up of hazardous hotspots, which if successful, could be replicated in other hotspots along the coast.
- ***Component D: Project Management and Monitoring (US\$1.63 million: US\$1.07 million IDA; US\$0.15 million GEF; US\$0.41 million PHRD).*** This component will provide support for project management, coordination, monitoring and evaluation. It will finance technical assistance, office equipment and furniture, training, and incremental operational costs. Component D includes three sub-components: (i) project coordination support; (ii) project implementation support; and (iii) and project monitoring, evaluation and communication support.
- ***Project Preparation Activities (US\$0.09 million: US\$0.09 million IDA).*** The Government has financed key preparatory studies out of the proceeds of the Project Preparation Facility (PPF), which became effective on November 4, 2004. The Government is making use of the proceeds of the PPF to continue with the formulation and codification of the SCDP and initiate key project activities, namely establishment of the Project Coordination Unit and Implementation Teams, provision of technical assistance for solid waste management, and conduct of detailed engineering design of the municipal landfills and civil works in Saranda Port.

Triggers for Phase 2

- The institutional, legal and regulatory framework for ICZM is established, implemented and enforced at national, regional and local levels.
- The formulation of regional and local land-use plans in the coastal regions has followed agreed land-use planning criteria and methodologies, integrated strategic environmental assessment into the planning process, and adopted a participatory planning approach.
- The SCDP and the accompanying Strategic Environmental Assessment and Resettlement Framework have been completed and adopted to guide investments in the southern coast of Albania.
- Institutional capacity for enforcement and monitoring of land-use plans, building regulations, and environmental impact assessment legislation has improved on the southern coast; and the results of monitoring and inspections to assess compliance are made available to the public.
- MoTAT shows improved understanding of environmental issues and concerns.
- Phase 1 clean-up and environmental infrastructure investment activities are completed or demonstrate satisfactory progress (at least 70 percent commitment and 50 percent disbursement under the Coastal Environmental Infrastructure and Rehabilitation Component).

ANNEX 3

SOUTHERN COASTAL DEVELOPMENT PLAN

The new contracts for the Southern Coastal Development Plan and the summary scope of services for each are as follows:

1. An individual consultant to prepare the Strategic Environmental Assessment (SEA) for the Coastal Development Plan – In addition to the standard scope for an SEA, the consultant will have two important tasks:

Provide an initial definition of the risks inherent in the development of the region that could diminish or destroy its natural assets and potential.

Assess the extent to which the land-use measures proposed as part of the Southern Coast Regulation include all the risks and provide adequate measures to mitigate the risks.

2. A planning firm to prepare the remaining components of the SCDP, including the Southern Coast Regulation, the maps and the Infrastructure Development – In addition, this contract will include:

Training in market-based planning and land-use management concepts and methods for the persons that will be responsible for implementing or monitoring implementation of the SCDP.

Developing a document that identifies the issues that will have to be addressed in the Regulation and provides examples of best practices in other countries.

A participatory dialogue with stakeholders (all those to be trained and others) based on that document, to develop the Regulation.

3. An individual consultant to develop the Southern Coast GIS – This work will be in two phases as follows:

Designing the GIS, starting from the final users' needs as further defined in the Guidelines for Best Practice in User Interface for GIS.

Implementing the design; entering, validating and geo-referencing the data, as identified in the design; and training users and operators.

4. Individual consultants to ensure effective participation – The facilitator and trainer will have the specific tasks to serve as co-trainers in all training events, to facilitate the dialogue to develop the Southern Coast Regulation and to provide accurate versions in Albanian of all reports prepared by other consultants and firms working to complete the SCDP.

ANNEX 4

PHOTOGRAPHS OF ILLEGAL CONSTRUCTION IN THE PROJECT AREA

